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DEPARTMENT OF COMMERCE

International Trade Administration

[A-533-877]

Stainless Steel Flanges from India: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, Postponement of Final Determination, and Extension of Provisional Measures

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that stainless steel flanges from India are being, or are likely to be, sold in the United States at less than fair value (LTFV) during the period of investigation (POI) July 1, 2016, through June 30, 2017.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Courtney Canales, Julia Hancock, or Jerry Huang, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4997, (202) 482-1394, or (202) 482-4047, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on September 11, 2017.<sup>1</sup> On January 9, 2018, Commerce postponed the preliminary determination of this investigation and Commerce also exercised its discretion to toll

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<sup>1</sup> See *Stainless Steel Flanges from India and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 82 FR 42649 (September 11, 2017) (*Initiation Notice*).

all deadlines affected by the closure of the Federal Government from January 20 through 22, 2018.<sup>2</sup> Because the new deadline falls on a non-business day (*i.e.*, the weekend), pursuant to Commerce's practice, the deadline will become the next business day. The revised deadline is now March 19, 2018.

For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.<sup>3</sup> A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and the electronic versions of the Preliminary Decision Memorandum are identical in content.

#### Scope of the Investigation

The product covered by this investigation is stainless steel flanges from India. For a complete description of the scope of this investigation, *see* Appendix I.

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<sup>2</sup> *See Stainless Steel Flanges from India and the People's Republic of China: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 83 FR 1025 (January 9, 2018); *see also* Memorandum for The Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government" (Tolling Memorandum), dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by three days.

<sup>3</sup> *See* Memorandum, "Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Stainless Steel Flanges from India" dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

## Scope Comments

In accordance with the preamble to Commerce's regulations,<sup>4</sup> the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).<sup>5</sup> No interested party submitted timely comments on the scope of the investigation as it appeared in the *Initiation Notice*. Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation Notice*.

## Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Commerce has calculated export prices in accordance with section 772(a) of the Act. Constructed export prices also have been calculated in accordance with section 772(b) of the Act. Normal value (NV) is calculated in accordance with section 773 of the Act. In addition, Commerce has preliminarily relied on partial adverse facts available, pursuant to sections 776(a) and (b) of the Act, for Chandan Steel Limited (Chandan). Furthermore, pursuant to section 776(a) and (b) of the Act, Commerce has preliminarily relied upon total adverse facts available for the Echjay single entity<sup>6</sup> and the Bebitz/Viraj single entity.<sup>7</sup> For a full description of the methodology underlying the preliminary determination, *see* the Preliminary Decision Memorandum.

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<sup>4</sup> See *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

<sup>5</sup> See *Initiation Notice*.

<sup>6</sup> Commerce preliminarily determines, pursuant to section 771(33)(A) and (F) of the Act, that Echjay Forgings Pvt Limited, Echjay Industries Private Limited, Echjay Forging Industries Private Limited, and Spire Industries Pvt. Limited are affiliated, and, pursuant to 19 CFR 351.401(f), that these companies should be treated as a single entity (Echjay single entity). See Preliminary Decision Memorandum.

<sup>7</sup> Commerce preliminarily determines, pursuant to section 771(33)(A) and (F) of the Act, that Bebitz Flanges Works Private Limited, Viraj Profiles Limited (Viraj), Flanschen werk Bebitz GmbH (FBG), Bebitz USA, Inc. (Bebitz USA), and Viraj USA, Inc. (Viraj USA) are affiliated, and, pursuant to 19 CFR 351.401(f), that these companies should be treated as a single entity (Bebitz/Viraj single entity). See Preliminary Decision Memorandum.

### Preliminary Affirmative Determination of Critical Circumstances

In accordance with section 733(e) of the Act and 19 CFR 351.206, Commerce preliminarily finds that critical circumstances exist for Chandan Steel, the Bebitz/Viraj single entity, and the Echjay single entity, and all other producers and exporters. For a full description of the methodology and results of Commerce's critical circumstances analysis, *see* the Preliminary Decision Memorandum.

### All-Others Rate

Sections 733(d)(1)(A)(ii) and 735(c)(5)(A) of the Act provide that in the preliminary determination Commerce shall determine an estimated all-others rate for all exporters and producers not individually examined. This rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely under section 776 of the Act.

In this investigation, Commerce preliminarily assigned a rate based entirely on adverse facts available to the Bebitz/Viraj single entity and the Echjay single entity. Therefore, the only rate that is not zero, *de minimis*, or based entirely on facts otherwise available is the rate calculated for Chandan. Consequently, the margin calculated for Chandan is assigned as the rate for all other producers and exporters.

### Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist:

<b>Exporter/Producer</b>	<b>Estimated Weighted-Average Dumping Margin (percent)</b>	<b>Cash Deposit Rate (Adjusted for Subsidy Offset(s)) (percent)</b>
Chandan Steel Limited	18.10	13.15 <sup>8</sup>
Echjay Single Entity <sup>9</sup>	145.25**	145.25 <sup>10</sup>
Bebitz/Viraj Single Entity <sup>11</sup>	145.25**	145.25 <sup>12</sup>
All-Others	18.10	13.15

\*\* (The AFA rate. *See* the Preliminary Decision Memorandum for how this rate was selected.)

### Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise, as described in Appendix I, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the estimated weighted-average dumping margin or the estimated all-others rate, as follows: (1) The cash deposit rate for the respondents listed above will be equal to the company-specific estimated weighted-average dumping margins determined in this preliminary determination; (2) if the exporter is not a respondent identified above, but the producer is, then the cash deposit rate

<sup>8</sup> *See* Memorandum, “Calculations Performed for Chandan Steel Limited for the Preliminary Determination in the Antidumping Duty Investigation of Stainless Steel Flanges from India,” dated concurrently with this notice (Chandan Calculation Memorandum).

<sup>9</sup> Commerce preliminarily determines that Echjay Forgings Pvt Limited, Echjay Industries Private Limited, Echjay Forging Industries Private Limited, and Spire Industries Pvt. Limited are a single entity. *See* Preliminary Decision Memorandum.

<sup>10</sup> *See* Chandan Calculation Memorandum.

<sup>11</sup> Commerce preliminarily determines that Bebitz Flanges Works Private Limited, Viraj Profiles Limited (Viraj), Flanschen werk Bebitz GmbH (FBG), Bebitz USA, Inc. (Bebitz USA), and Viraj USA, Inc. (Viraj USA) are a single entity. *See* Preliminary Decision Memorandum.

<sup>12</sup> *See* Chandan Calculation Memorandum.

will be equal to the company-specific estimated weighted-average dumping margin established for that producer of the subject merchandise, except as explained below; and (3) the cash deposit rate for all other producers and exporters will be equal to the all-others estimated weighted-average dumping margin.

Section 733(e)(2) of the Act provides that, given an affirmative determination of critical circumstances, any suspension of liquidation shall apply to unliquidated entries of subject merchandise entered, or withdrawn from warehouse, for consumption on or after the later of (a) the date which is 90 days before the date on which the suspension of liquidation was first ordered, or (b) the date on which notice of initiation of the investigation was published. As noted above, Commerce preliminarily finds that critical circumstances exist for imports of subject merchandise produced or exported by Chandan, Bebitz/Viraj single entity, Echjay single entity, and all-others. In accordance with section 733(e)(2)(A) of the Act, the suspension of liquidation shall apply to unliquidated entries of shipments of subject merchandise from the producer(s) or exporter(s) identified in this paragraph that were entered, or withdrawn from warehouse, for consumption on or after the date which is 90 days before the publication of this notice.

Commerce normally adjusts cash deposits for estimated antidumping duties by the amount of export subsidies countervailed in a companion countervailing duty (CVD) proceeding, when CVD provisional measures are in effect. Accordingly, where Commerce preliminarily made an affirmative determination for countervailable export subsidies, Commerce has offset the estimated weighted-average dumping margin by the appropriate CVD rate. Any such adjusted cash deposit rate may be found in the Preliminary Determination section above.

Should provisional measures in the companion CVD investigation expire prior to the expiration of provisional measures in this LTFV investigation, Commerce will direct CBP to begin collecting estimated antidumping duty cash deposits unadjusted for countervailed export subsidies at the time that the provisional CVD measures expire.

These suspension of liquidation instructions will remain in effect until further notice.

#### Disclosure

Commerce intends to disclose its calculations and analysis performed to interested parties in this preliminary determination within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

#### Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify the information relied upon for Chandan in making its final determination. However, because the Bebitz/Viraj single entity and the Echjay single entity did not provide information requested by Commerce, and Commerce preliminarily determines that these examined respondents to have been uncooperative within the meaning of section 776(b) of the Act, we will not conduct verification of the Bebitz/Viraj single entity and the Echjay single entity.

#### Public Comment

Case briefs or other written comments on Chandan may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report on Chandan is issued in this investigation. For issues related to the Bebitz/Viraj single entity and the Echjay single entity, because we are not verifying these companies, case briefs or other written comments may be submitted to the Assistant Secretary

for Enforcement and Compliance no later than 50 days after the date of publication of the preliminary determination, unless Commerce alters the time limit. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.<sup>13</sup> Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

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<sup>13</sup> See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).



### Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. Section 351.210(e)(2) of Commerce's regulations requires that a request by exporters for postponement of the final determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

On February 12 and 21, 2018, the Bebitz/Viraj single entity and the Echjay single entity requested that Commerce postpone the final determination and that provisional measures be extended to a period not to exceed six months. In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because: (1) the preliminary determination is affirmative; (2) the requesting exporter(s) account(s) for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, Commerce is postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, Commerce will make its final determination no later than 135 days after the date of publication of this preliminary determination.

### International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its preliminary determination. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

### Notification to Interested Parties

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

*Dated: March 19, 2018.*\_\_\_\_\_

Gary Taverman,  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance.

## **Appendix I**

### **Scope of the Investigation**

The products covered by this investigation are certain forged stainless steel flanges, whether unfinished, semi-finished, or finished (certain forged stainless steel flanges). Certain forged stainless steel flanges are generally manufactured to, but not limited to, the material specification of ASTM/ASME A/SA182 or comparable domestic or foreign specifications. Certain forged stainless steel flanges are made in various grades such as, but not limited to, 304, 304L, 316, and 316L (or combinations thereof). The term “stainless steel” used in this scope refers to an alloy steel containing, by actual weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements.

Unfinished stainless steel flanges possess the approximate shape of finished stainless steel flanges and have not yet been machined to final specification after the initial forging or like operations. These machining processes may include, but are not limited to, boring, facing, spot facing, drilling, tapering, threading, beveling, heating, or compressing. Semi-finished stainless steel flanges are unfinished stainless steel flanges that have undergone some machining processes.

The scope includes six general types of flanges. They are: (1) weld neck, generally used in butt-weld line connection; (2) threaded, generally used for threaded line connections; (3) slip-on, generally used to slide over pipe; (4) lap joint, generally used with stub-ends/butt-weld line connections; (5) socket weld, generally used to fit pipe into a machine recession; and (6) blind, generally used to seal off a line. The sizes and descriptions of the flanges within the scope include all pressure classes of ASME B16.5 and range from one-half inch to twenty-four inches nominal pipe size. Specifically excluded from the scope of this investigation are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A351.

The country of origin for certain forged stainless steel flanges, whether unfinished, semi-finished, or finished is the country where the flange was forged. Subject merchandise includes stainless steel flanges as defined above that have been further processed in a third country. The processing includes, but is not limited to, boring, facing, spot facing, drilling, tapering, threading, beveling, heating, or compressing, and/or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the stainless steel flanges.

Merchandise subject to the investigation is typically imported under headings 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). While HTSUS subheadings and ASTM specifications are provided for convenience and customs purposes, the written description of the scope is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Preliminary Decision Memorandum**

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Scope Comments
- V. Selection of Voluntary Respondent
- VI. Affiliation and Collapsing
  - A. Bebitz/Viraj Single Entity
  - B. Echjay Single Entity
- VII. Application of Facts Available and Use of Adverse Inference
  - A. Application of Facts Available to Bebitz/Viraj Single Entity
  - B. Application of Facts Available to Echjay Single Entity
  - C. Selection and Corroboration of the AFA Rate
- VIII. Discussion of the Methodology
  - A. Determination of the Comparison Method
  - B. Results of the Differential Pricing Analysis
- IX. Date of Sale
- X. Product Comparisons
- XI. Export Price and Constructed Export Price
- XII. Normal Value
  - A. Home Market Viability
  - B. Level of Trade
  - C. Cost of Production (COP) Analysis
    - 1. Calculation of COP
    - 2. Test of Comparison Market Sales Prices
    - 3. Results of the COP Test
  - D. Calculation of NV Based on Comparison Market Prices
- XIII. Critical Circumstances
- XIV. Currency Conversion
- XV. Conclusion

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